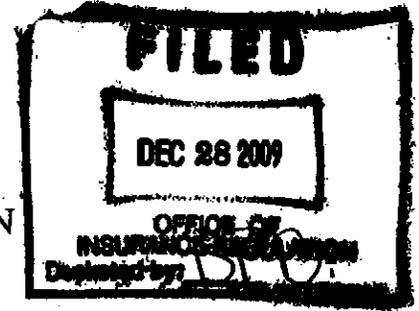




OFFICE OF INSURANCE REGULATION



KEVIN M. McCARTY  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 101790-09

TRANS WORLD ASSURANCE COMPANY  
\_\_\_\_\_ /

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement reached between TRANS WORLD ASSURANCE COMPANY (hereinafter referred to as "TRANS WORLD") and the OFFICE OF INSURANCE REGULATION (hereinafter referred to as the "OFFICE") with respect to the Order issued by the OFFICE on January 7, 2009, in this matter. Following a complete review of the entire record, and upon consideration thereof, and being fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter and parties to this proceeding.
2. TRANS WORLD is a foreign corporation with a principal place of business at 885 South El Camino Real, San Mateo, California 94402-2310. TRANS WORLD is authorized to transact life and health insurance in the state of Florida.

3. The OFFICE issued an Order to TRANS WORLD on May 8, 2008, which alleged that TRANS WORLD engaged in unfair or deceptive acts or practices in violation of Military Sales Practices Rule 69O-142.200, Florida Administrative Code (the "Regulation"). TRANS WORLD denied the allegations of the Order and petitioned for a hearing. On January 7, 2009, the OFFICE notified TRANS WORLD that the Order issued on May 8, 2008, had been dismissed and issued the Order in this matter on that same day.

4. On September 22, 2008, TRANS WORLD notified the OFFICE that as of May 8, 2008, it had ceased all sales of insurance products in Florida and that it would, without prejudice, accrue and pay interest as required by the Regulation, cease charging any withdrawal or surrender charge, and credit or refund amounts not properly accrued, paid, or charged in compliance with the Regulation.

5. On October 10, 2008, TRANS WORLD, without prejudice, voluntarily amended its Flexible Dollar Builder Life Insurance Policy ("FDB Policy") to meet all requirements set forth by the Regulation and subsequently represented to the OFFICE that appropriate refunds or credits had been made voluntarily to all affected Florida military service members.

6. On January 7, 2009, the OFFICE issued an Order alleging that TRANS WORLD committed violations of the Regulation, in the offer and sale of its FDB Policy to active duty service members of the U.S. Armed Forces in Florida.

7. The Order notified TRANS WORLD to show cause why the OFFICE should not enter a Final Order suspending or revoking its Certificate of Authority, imposing any appropriate penalties under the Florida Insurance Code and Florida Administrative Code, or taking other administrative actions as deemed appropriate by law.

8. TRANS WORLD timely filed a Petition for Hearing in accordance with the Notice of Rights in the Order, which denied all material allegations respecting violation of the Regulation. This matter was referred to the Division of Administrative Hearings (“DOAH”) and assigned Case No. 09-1394.

9. The OFFICE and TRANS WORLD agree, without TRANS WORLD admitting any violation of the Regulation, that this Consent Order resolves all matters directly related to the Order issued by the OFFICE and DOAH Case No. 09-1394.

10. TRANS WORLD agrees that upon the execution of this Consent Order, it shall be subject to each of the terms and conditions herein.

11. Within ten (10) days of the date of this Consent Order, TRANS WORLD shall pay to the OFFICE a penalty in the amount of Fifty Thousand Dollars (\$50,000) and attorneys’ fees, litigation costs, and investigative costs in the amount of One Hundred Twenty-five Thousand Dollars (\$125,000) for a total amount of One Hundred Seventy-five Thousand Dollars (\$175,000).

12. TRANS WORLD represents that for all policies sold in Florida to active duty service members of the U.S. Armed Forces on or after November 1, 2007, TRANS WORLD has refunded or credited the following to each affected military service member: 1) interest on each Accumulation Fund not paid or not credited as required by the Regulation; 2) any fees charged for withdrawals from each Accumulation Fund; and 3) any amounts transferred from each Accumulation Fund to pay, reduce, or offset past due premium charges.

13. TRANS WORLD shall submit a summary report to the OFFICE of the refunds and credits made pursuant to paragraph 12., *supra*, within thirty (30) days of the execution of this Consent Order. The report shall indicate each policyholder's name, policy number, refund amount, and payment or credit date. In the event that TRANS WORLD is unable to locate former policyholders who are entitled to refunds pursuant to this Consent Order, TRANS WORLD shall submit their refunds to the state of Florida as unclaimed property.

14. TRANS WORLD shall direct and ensure that its agents use and retain a copy of the interactive needs assessment on the U.S. Department of Veteran's Affairs website located at <http://www.insurance.va.gov/SGLISITE/calculator/needsCalc.htm> or a comparable needs assessment as approved by the OFFICE for all Florida solicitations and sales of the FDB Policy to active duty service members of the U.S. Armed Forces. An electronic .pdf or hard copy of the needs assessment signed by the TRANS WORLD agent and policyholder shall be retained in each policyholder's file.

15. TRANS WORLD shall provide all Florida active duty military service member applicants at least a seven (7) day waiting period prior to issuing their FDB Policies, during which time the applicants may cancel their FDB Policy applications. TRANS WORLD shall not be liable for any death claims arising during this waiting period.

16. TRANS WORLD shall, as represented to the OFFICE, continue to notify all Florida active duty military service member applicants in writing that they may contact a military financial advisor in their Office of Accounting and Finance prior to purchasing an FDB Policy.

17. For all active duty Florida military policyholders, TRANS WORLD shall only use a policyholder's social security number in connection with a bank authorization or allotment. TRANS WORLD may retain and use Florida military policyholders' social security numbers as may be required for tax purposes.

18. TRANS WORLD will indemnify policyholders of the FDB Policy in Florida during the period of October 1, 2007, through May 8, 2008, for taxes and penalties assessed as a direct result of a violation by TRANS WORLD of the Regulation.

19. TRANS WORLD shall comply with any and all applicable nonforfeiture laws in the state of Florida.

20. TRANS WORLD shall comply with all provisions of the Regulation.

21. Within eighteen (18) months of the execution of this Consent Order, the OFFICE may conduct an examination of TRANS WORLD's military sales practices in Florida. The costs and expenses associated with such examination shall be paid by TRANS WORLD.

22. TRANS WORLD shall file a Notice of Voluntary Dismissal of its First Amended Petition for Hearing in OFFICE Case No. 101790-09, within ten (10) days of the issuance of this Consent Order.

23. TRANS WORLD expressly waives a hearing in this matter, and the making of Findings of Fact and Conclusions of Law by the OFFICE and all further or other proceedings to which TRANS WORLD may be entitled by law or the rules of the OFFICE. TRANS WORLD hereby knowingly and voluntarily waives all rights to challenge or contest this Consent Order, in any forum presently or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

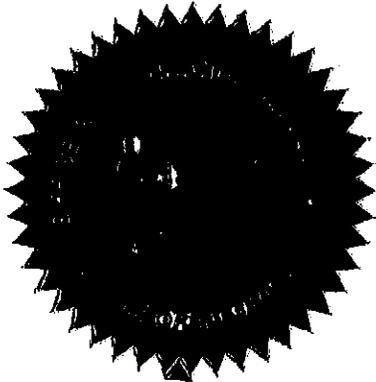
24. TRANS WORLD agrees that failure to adhere to one or more of the terms and conditions of this Consent Order shall constitute a violation of a lawful Order of the OFFICE subjecting TRANS WORLD to all administrative penalties and remedies available under the Florida Insurance Code.

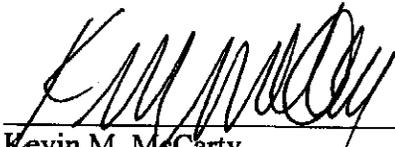
25. Except as noted above, each party to this action shall bear its own costs.

THEREFORE, the agreement between TRANS WORLD and the OFFICE, the terms and conditions of which are set forth above, is approved.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 28TH day of DECEMBER 2009.



  
\_\_\_\_\_  
Kevin M. McCarty  
Commissioner  
Office of Insurance Regulation

By execution hereof, TRANS WORLD ASSURANCE COMPANY, consents to the entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he or she has the authority to bind TRANS WORLD ASSURANCE COMPANY, to the terms and conditions of this Consent Order.

TRANS WORLD ASSURANCE COMPANY

By: *Charles B. Royals*  
Print Name: CHARLES B ROYALS  
Title: PRESIDENT  
Date: 12/18/09

[Corporate Seal]

STATE OF California  
COUNTY OF San Mateo

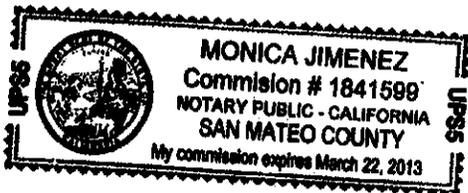
The foregoing instrument was acknowledged before me this 18<sup>th</sup> day of December 2009, by Monica Jimenez, who is personally known to me or has produced the following identification California Driver's License.

*Monica Jimenez*  
Signature of Notary Public

Monica Jimenez  
Print Name

[Notarial Seal]

My Commission Expires: March 22, 2013



COPIES FURNISHED TO:

CHARLES B. ROYALS, President  
Trans World Assurance Company  
885 South El Camino Real  
San Mateo, California 94402-2310

FRANK E. MERIDETH, JR., Esquire  
Greenberg Traurig, LLP  
2450 Colorado Avenue, Suite 400 East  
Santa Monica, California 90404-5524

MARY BETH SENKEWICZ, Deputy Commissioner  
Office of Insurance Regulation  
200 East Gaines Street, Suite 121B  
Tallahassee, Florida 32399-4206

JIM BENNETT, Director  
Market Investigations  
Office of Insurance Regulation  
200 East Gaines Street, Suite 216E  
Tallahassee, Florida 32399-4210

RHODA K. JOHNSON, Assistant General Counsel  
Office of Insurance Regulation  
200 East Gaines Street, Suite 646A  
Tallahassee, Florida 32399-4206

MOHAMMAD S. SHERIF, Assistant General Counsel  
Office of Insurance Regulation  
200 East Gaines Street, Suite 647C  
Tallahassee, Florida 32399-4206